

CD NO.

COUNTRY Austria/USSR

SUBJECT USIA Construction Firm to Build
Hydroelectric Power Plant

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SUPPLEMENT TO
REPORT NO.

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1. [REDACTED] Philipp Holzmann A.G., Vienna IV, Prinz-Eugen-Strasse 20, represented by Martirosov, Soviet general manager, and Yarais, chief book-keeper of this USIA construction firm, and August Kargl, deputy governor of Lower Austria, signed a contract for the construction of a large hydro-electric power plant in the Kamptal. Philipp Holzmann A.G. won this contract, which involves a total of 72,000,000 schillings, allegedly because its cost estimate was the lowest submitted for this project. However, informed Austrian industrialists believe this USIA firm will not be able to build the Kamptal power plant for the price stipulated nor by the date specified. It is said that the contract contains a provision whereby Philipp Holzmann will be subject to a severe penalty unless it completes this construction work on schedule.*

2 Because it has limited financial resources, Philipp Holzmann A.G. is now trying to acquire credits from a number of Austrian banks. Meanwhile, the Soviet Military Bank has already agreed to advance a maximum of 10,000,000 schillings to enable Holzmann to purchase construction equipment. As security for this loan, the Military Bank will retain all rights to this equipment.**

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* [REDACTED] Comment: According to a report from an [REDACTED] Dmitri Sidorov, Soviet director of USIA's Construction and Building Materials Administration, personally handled the negotiations with Kargi. [REDACTED] alleges that construction of the Kamptal hydro-electric plant will cost an estimated 15,000,000 schillings and will be financed from ECA counterpart funds.

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 Comment: It is interesting to note that a number of USIA's construction firms seem to be operating under the same handicap, a shortage of modern construction equipment. See [redacted] for a report on Vianova Bau A.G. and regarding Ueberland-Hoch- u. Strassenbau A.G.

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